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*Counsel for Richard Arrowsmith, Liquidating
Trustee of the HDL Liquidating Trust*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division**

In re:

**HEALTH DIAGNOSTIC LABORATORY, INC., et
al.,**

Debtors.¹

Chapter 11

Case No.: 15-32919-KRH

Jointly Administered

**LIQUIDATING TRUSTEE'S QUARTERLY REPORT
FOR PERIOD ENDING DECEMBER 31, 2023**

Richard Arrowsmith, in his capacity as Liquidating Trustee of the HDL Liquidating Trust (the “**Liquidating Trustee**”), appointed pursuant to the confirmed Modified Second Amended Plan of Liquidation (the “**Plan**”)² of the Debtors (the “**Debtors**” or “**HDL**”) in these jointly administered bankruptcy cases (the “**Chapter 11 Cases**”), by his undersigned counsel, hereby files the Liquidating Trustee’s Quarterly Report for the period ending December 31, 2023, in

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Health Diagnostic Laboratory, Inc. (0119), Central Medical Laboratory, LLC (2728), and Integrated Health Leaders, LLC (2434).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

accordance with section 6.5(c)(21) of the Plan. The Liquidating Trustee respectfully states as follows:

BACKGROUND

1. Section 6.5(c)(21) of the Plan requires the Liquidating Trustee to provide the following:

Within thirty (30) days after the end of the first full month following the Effective Date, and within twenty (20) days after the end of each quarter thereafter, (a) file with the Court and provide to the Liquidating Trust Oversight Committee a report setting forth (i) the receipt and disposition by the Liquidating Trustee of property of the Estates during such period, including the amounts, recipients and dates of any Distribution and any payments to the Liquidating Trustee and professionals, employees, and consultants of the Liquidating Trust, (ii) any Disputed Claims resolved by the Liquidating Trustee, (iii) all known material non-Cash assets of the Debtors remaining to be disposed of, and (iv) the status of all Litigation Claims; and (b) provide to the Liquidating Trust Oversight Committee a report setting forth (i) an itemization of all expenses the Liquidating Trustee anticipates will become due and payable within the subsequent quarter, and (ii) the Liquidating Trustee's forecast of cash receipts and expenses for the subsequent quarter.

2. The reporting period is October 1, 2023 through December 31, 2023 (the "Reporting Period").

RECEIPT AND DISPOSITION OF PROPERTY OF THE ESTATE

3. The Liquidating Trustee made no distributions to creditors during the Reporting Period.

4. During the Reporting Period, the Liquidating Trustee was paid \$15,000 on October 23, 2023, November 27, 2023, and December 20, 2023, for a total amount of \$45,000.³

5. During the Reporting Period, professionals, employees, and consultants of the Liquidating Trust were paid \$874,094. The recipients, dates of payment, and amounts paid are as follows:

³ These payments are included in the monies paid to FTI Consulting, Inc. set forth in Paragraph 5 below.

Professional	Date	Amount Paid
Alvarez and Marsal Healthcare Industry Group	10/23/23	\$ 6,127
Alvarez and Marsal Healthcare Industry Group	11/27/23	12,277
Alvarez and Marsal Healthcare Industry Group	12/18/23	7,354
American Legal Claim Services, LLC	11/27/23	16,426
Ankura Consulting Group LLC	10/23/23	17,000
Ankura Consulting Group LLC	11/27/23	17,000
Ankura Consulting Group LLC	12/18/23	17,018
Christian & Small Attorneys	10/23/23	122
FTI Consulting Inc.	10/23/23	74,406
FTI Consulting Inc.	11/27/23	179,467
FTI Consulting Inc.	12/20/23	43,508
Hirschler Fleischer	10/23/23	79,056
Hirschler Fleischer	11/27/23	152,268
Hirschler Fleischer	12/18/23	150,637
Keiter	10/23/23	16,150
Keiter	11/27/23	24,396
Keiter	12/18/23	14,369
Nelson Mullins Riley & Scarborough LLP	10/23/23	12,385
Nelson Mullins Riley & Scarborough LLP	11/27/23	23,061
Nelson Mullins Riley & Scarborough LLP	12/18/23	2,580
Odin, Feldman & Pittman, P.C.	10/23/23	8,013
Odin, Feldman & Pittman, P.C.	11/27/23	285
Odin, Feldman & Pittman, P.C.	12/18/23	190
Total		874,094

6. A summary of disbursements and cash flow during the Reporting Period is as follows:

DESCRIPTION	AMOUNT (\$ in Thousands)
Receipts	\$ 1,189
Disbursements	(1,021)
Net Cash Flow Before Distributions	168
DOJ Intercreditor Distributions ⁴	-

⁴ The DOJ Intercreditor Distributions are not subject to U.S. Trustee fees.

Payment of Allowed Claims	-
Net Cash Flow	\$ 168
Starting Book Cash	\$ 3,828
Ending Book Cash	\$ 3,996

ALL KNOWN REMAINING AND MATERIAL NON-CASH ASSETS OF THE DEBTORS

7. All known and material non-cash assets of the Debtors that remain to be disposed include the following accounts receivable, deposits, notes receivable, and real estate:

NON-CASH ASSETS	VALUE (\$ in Thousands)
Deposits	\$30
Notes Receivable	\$61
Total	\$91

STATUS OF LITIGATION CLAIMS

8. The updated status of Litigation Claims involving HDL is as follows:

CASE INFORMATION	COURT	STATUS
<i>Richard Arrowsmith, Liquidating Trustee of HDL Liquidating Trust v. G. Russell Warnick, et al. (the "D&O Action")</i>	U.S. Bankruptcy Court Eastern District of Virginia Case No. 16-03271-KRH	Ongoing
<i>Richard Arrowsmith, Liquidating Trustee of the HDL Liquidating Trust v. Latonya S. Mallory, et al. (the "Tax Action")</i>	U.S. Bankruptcy Court Eastern District of Virginia Case No. 17-04300	Ongoing [Consolidated for purposes of Joint Administration with the D&O Action]
<i>Blue Eagle Farming, LLC, et al.</i> <i>Jointly Administered with H J Farming, LLC, Eagle Ray Investments, LLC, War-Horse Properties, LLLP, Blue Smash Investments, LLC, Armor Light, LLC, Forse Investments, LLC and Robert Bradford Johnson</i>	U.S. Bankruptcy Court Northern District of Alabama Case No. 18-02395-TOM11	Ongoing [All plans have been confirmed and are now effective, incorporating settlements with debtors and related third parties, and the liquidation of assets is complete]

<i>Aetna, Inc. v. Health Diagnostic Laboratory, Inc., BlueWave Healthcare Consultants, Inc., Floyd Calhoun Dent, III, Robert Bradford Johnson, and Latonya Mallory</i>	U.S. Bankruptcy Court Eastern District of Virginia Case No. 16-03349-KRH	Administratively Stayed [Liquidating Trustee working to dismiss action with prejudice]
<i>Richard Arrowsmith, Liquidating Trustee of the HDL Liquidating Trust v. Floyd Calhoun Dent III, et al. (“Constructive Trust Action”)</i>	U.S. Bankruptcy Court Eastern District of Virginia Case No. 18-03022-KRH	Administratively Stayed [Liquidating Trustee working to dismiss action with prejudice]
<i>Health Diagnostic Laboratory, Inc. v. Boston Heart Diagnostics Corporation</i>	U.S. District Court For the Eastern District of Virginia Case No. 3:14-cv-00796-HEH	Action Stayed [Dismissal with prejudice in process]
<i>Boston Heart Diagnostics Corporation v. Health Diagnostic Laboratory, Inc.</i>	U.S. District Court For the District of Massachusetts Case No. 1:13-cv-13111-IT	Administratively Closed [Dismissal with prejudice in process]
<i>To Be Determined</i>	Additional claims and causes of action are being pursued by the Liquidating Trustee which will result in significant additional recoveries for the estate and its creditors.	

9. In addition to the above, as of September 30, 2023, there were ninety-four (94) adversary proceedings to avoid transfers of the Debtors’ property. During the Reporting Period, two (2) additional adversary proceedings were closed and ninety-two (92) remain. The Liquidating Trustee has also pursued a number of recovery actions pursuant to section 550 of the Bankruptcy Code (the “**550 Actions**”). As of the close of the Reporting Period, all 550 Actions have been filed, only three (3) remain set for trial,⁵ and approximately one hundred and fifty (150) have been resolved.

10. The current status of creditor claims is as follows:

⁵ One of the three (3) remaining 550 Actions is resolved, but is pending a final written agreement.

Claim Class	Total Claims Filed / Scheduled ⁶ (\$ in Thousands)	Less: Resolved (\$ in Thousands)	Total Current Claims (\$ in Thousands)
503(b)(9)	\$1,736	(\$1,736)	-
Administrative	\$1,206,117	(\$1,206,117)	-
Priority	\$901	(\$870)	\$31
Secured	\$126,519	(\$126,519)	-
General Unsecured	\$1,909,589	(\$1,711,359)	\$198,230
Subordinated	-	\$98,642	\$98,642
	<u>\$ 3,244,862</u>	<u>(\$2,947,960)</u>	<u>\$296,902</u>

11. The Post-Confirmation Report required by the United States Trustee is attached hereto as **Exhibit A** and will also be filed as a separate docket entry.

CONCLUSION

WHEREFORE, in accordance with section 6.5(c)(21) of the Plan, the Liquidating Trustee respectfully provides the Court with the *Liquidating Trustee's Quarterly Report for Period Ending December 31, 2023*.

Dated: January 19, 2024

Respectfully submitted,

/s/ Robert S. Westermann

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 bfalabella@hirschlerlaw.com

and

⁶ Total Claims Filed / Scheduled counts each claim one time. If a scheduled claim matches a proof of claim, then only the proof of claim is counted. If a claim was scheduled as contingent / unliquidated / disputed, and no proof of claim was filed, the scheduled claim has been removed as inactive. If a scheduled claim is not disputed, and no proof of claim was filed, the scheduled claim is counted in the Total Claims Filed / Scheduled amount.

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aklena@hirschlerlaw.com

*Counsel for Richard Arrowsmith, Liquidating
Trustee of the HDL Liquidating Trust*

CERTIFICATE OF SERVICE

I hereby certify that on January 19, 2024, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which then sent a notification of such filing to all counsel of record registered with the CM/ECF system.

/s/ Robert S. Westermann
Robert S. Westermann

Exhibit A

[United States Trustee Post-Confirmation Report]

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF VIRGINIA

Richmond Division

In re: HEALTH DIAGNOSTIC LABORATORY,
INC., et al.

Debtor(s)

§
§
§
§

Case No. 15-32919

Lead Case No. 15-32919

☒ Jointly Administered

Post-confirmation Report

Chapter 11

Quarter Ending Date: 12/31/2023

Petition Date: 06/07/2015

Plan Confirmed Date: 05/12/2016

Plan Effective Date: 05/12/2016

This Post-confirmation Report relates to: ☐ Reorganized Debtor

☒ Other Authorized Party or Entity: Liquidating Trustee

Name of Authorized Party or Entity

/s/ Robert S. Westermann

Signature of Responsible Party

01/19/2024

Date

Robert S. Westermann

Printed Name of Responsible Party

Hirschler Fleischer, P.C.

2100 East Cary Street

Richmond, Virginia 23223

Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

Part 1: Summary of Post-confirmation Transfers

	Current Quarter	Total Since Effective Date
a. Total cash disbursements	\$1,020,855	\$0
b. Non-cash securities transferred	\$0	\$0
c. Other non-cash property transferred	\$0	\$0
d. Total transferred (a+b+c)	\$1,020,855	\$0

Part 2: Preconfirmation Professional Fees and Expenses

a.			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative	
	Professional fees & expenses (bankruptcy) incurred by or on behalf of the debtor <i>Aggregate Total</i>						
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	N/A					
	ii						
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Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

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Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

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b.			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative
	Professional fees & expenses (nonbankruptcy) incurred by or on behalf of the debtor					
	<i>Aggregate Total</i>					
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i	N/A					
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Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

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Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

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Debtor's Name HEALTH DIAGNOSTIC LABORATORY, INC., et al.

Case No. 15-32919

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c.	All professional fees and expenses (debtor & committees)						

Part 3: Recoveries of the Holders of Claims and Interests under Confirmed Plan

	Total Anticipated Payments Under Plan	Paid Current Quarter	Paid Cumulative	Allowed Claims	% Paid of Allowed Claims
a. Administrative claims	\$1,747,630	\$0	\$1,747,630	\$1,747,630	100%
b. Secured claims	\$14,681,508	\$0	\$14,681,508	\$14,681,508	100%
c. Priority claims	\$53,529	\$0	\$22,939	\$53,529	43%
d. General unsecured claims	\$0	\$0	\$74,715,619	\$198,229,696	38%
e. Equity interests	\$0	\$0	\$0		

Part 4: Questionnairea. Is this a final report? Yes ☐ No ☒

If yes, give date Final Decree was entered:

If no, give date when the application for Final Decree is anticipated: 05/13/2025

b. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☒ No ☐

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information and provision of this information is mandatory. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6) and to otherwise evaluate whether a reorganized chapter 11 debtor is performing as anticipated under a confirmed plan. Disclosure of this information may be to a bankruptcy trustee when the information is needed to perform the trustee's duties, or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." *See* 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case, or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Post-confirmation Report and its attachments, if any, are true and correct and that I have been authorized to sign this report.

/s/ Robert S. Westermann

Signature of Responsible Party

Counsel for Liquidating Trustee

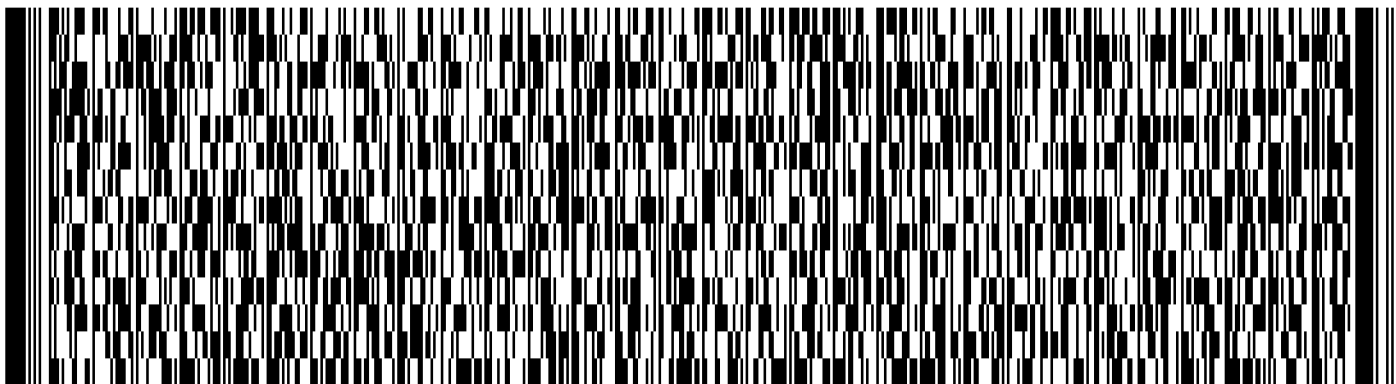
Title

Robert S. Westermann

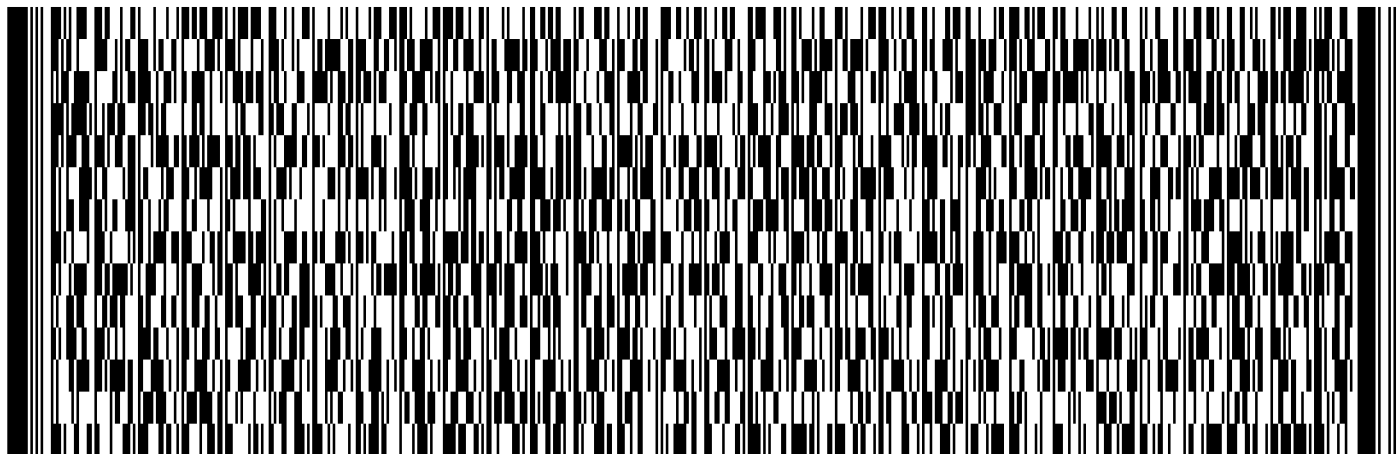
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01/19/2024

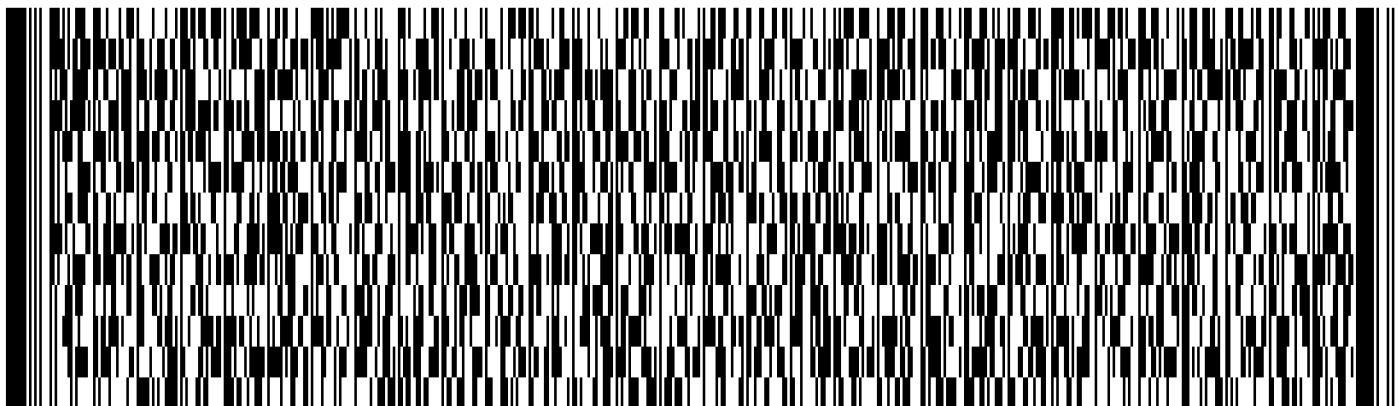
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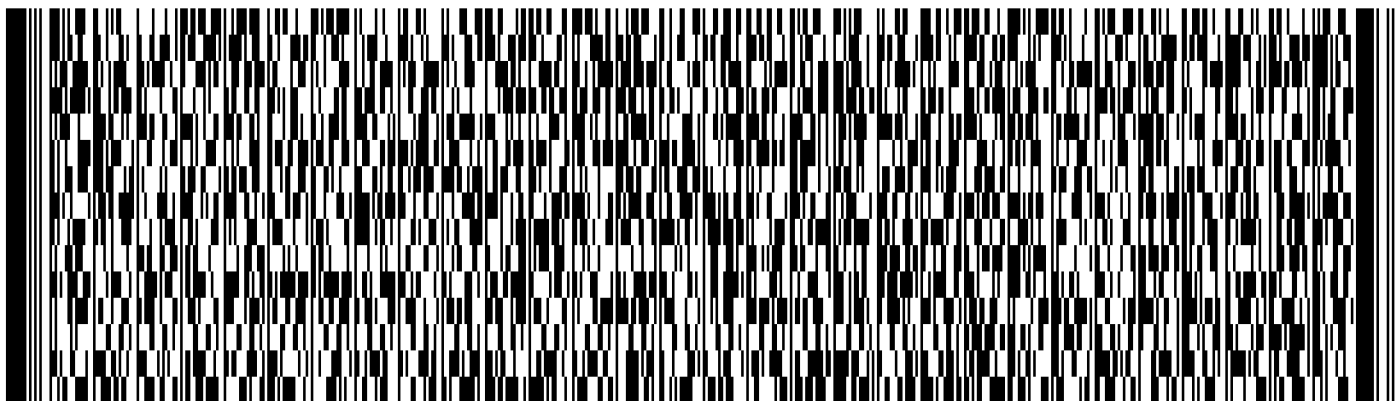
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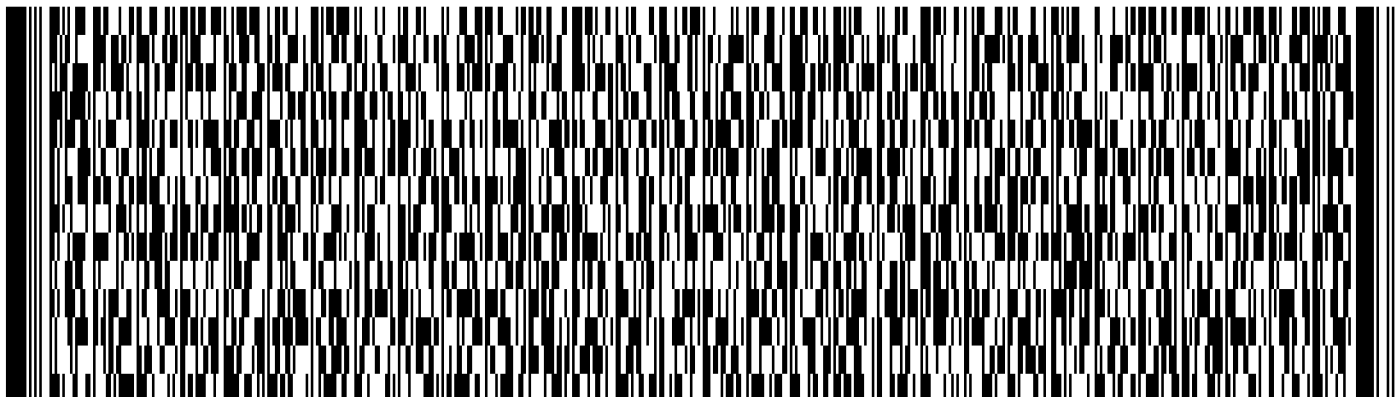
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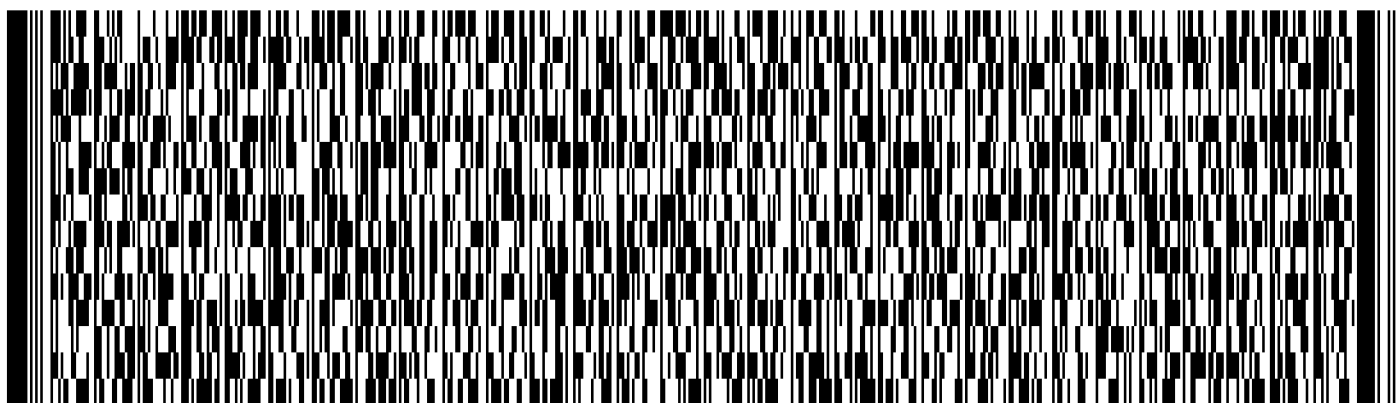
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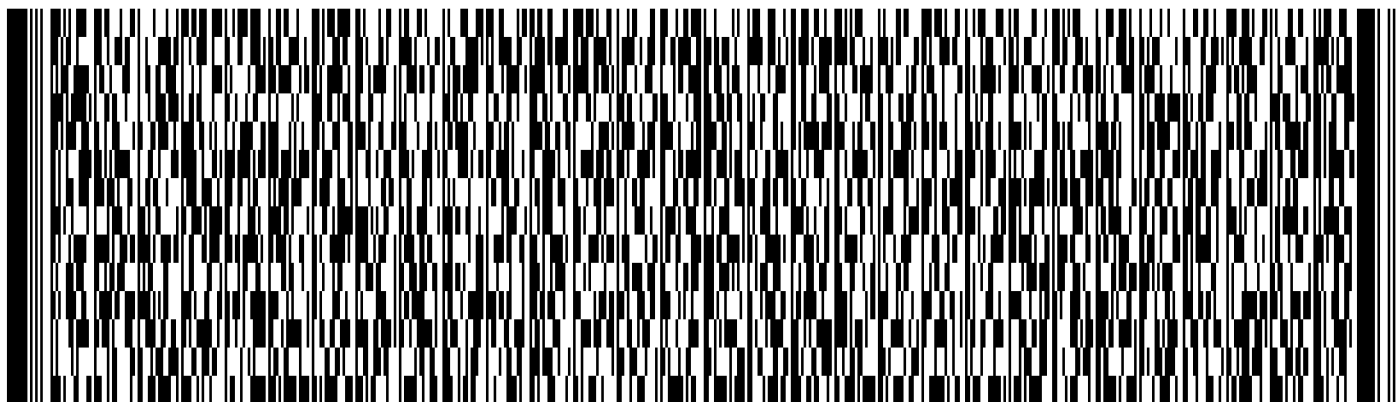
Bankruptcy Table 1-50



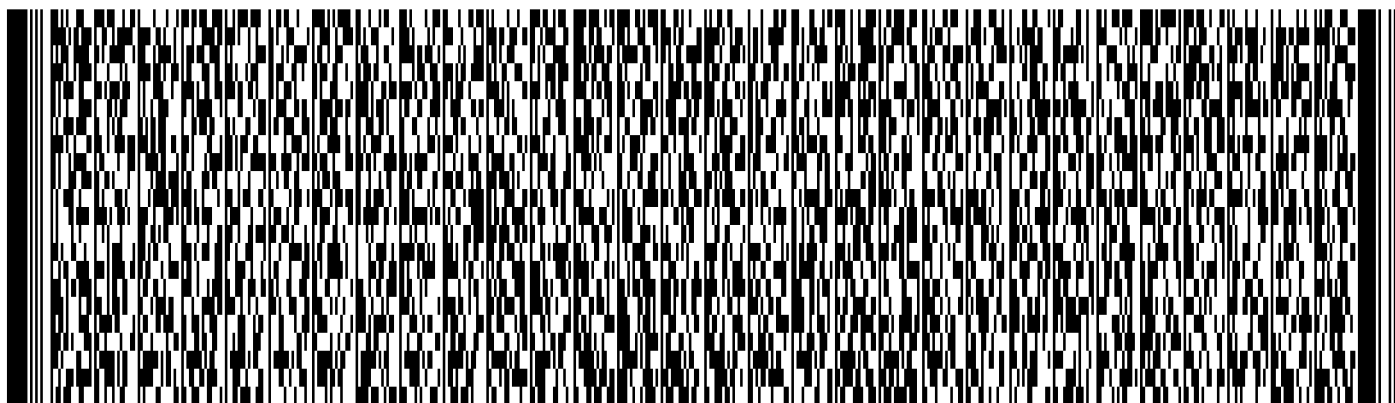
Bankruptcy Table 51-100



Non-Bankruptcy Table 1-50



Non-Bankruptcy Table 51-100



Part 3, Part 4, Last Page